

MARKETING STRATEGIES OF NAME BRAND APARTMENTS ACCORDING TO THE BRAND LIFE CYCLE

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ABSTRACT : Breaking from the past convention, most construction firms are lotting out their apartments with their own brand names. They don't have, however, differentiated marketing strategies based on unique brand awareness. Rather, virtual absence of marketing strategies has brought about unfiltered introduction of architectural elements of the competition and excessive advertising efforts. Consequently confusion is at hand for consumers' purchase decision since they are not aware of the differences between the apartments. The purpose of this study is to make consumers have clear brand awareness by presenting appropriate brand strategies based on sound marketing theories for construction firms.

Key words : marketing strategy, brand life cycle, brand management

1. INTRODUCTION

1.1 The Background and Purpose of Research

In 2004, Businessweek and Interbrand selected 100 firms with the highest brand value. Coca Cola marked the 1st place with Microsoft, IBM, GE and Intel marking the 2nd through 5th place. Samsung went up four steps accomplishing \$12,553,000,000 worth of brand value. With 15.7% hike in brand value Samsung marked the 4th place in brand value enhancement. Clearly the brand value of a firm surpasses its revenue. Brand is no longer a simple trademark to get differentiated from other firms. Rather it has established itself as an important measurement of corporate awareness in the market.

Construction industry before IMF crisis was at the peak of

expansion due to the booming overseas construction market and 2 million unit housing construction program of the government. Moreover within the housing market itself, supply-oriented market was dominant with continuous sellout of all apartments. Consequently the concept of marketing or brand had not been formulated yet. The open license policy of the construction industry, however, surged the number of housing construction firms, and together with increased housing distribution and IMF crisis of late 1997's, the change in the housing construction industry was accelerated. Especially autonomous pricing policy advanced apartment branding, and marketing strategies began to appear. Since 1998 the naming convention of using the name of construction company or local area began to disappear, and apartment brand names appeared, opening the era of name brand apartments.

Table 1. The Change in Apartment Purchase Elements

survey executer	Korea Housing Builders Association	Korea Housing Institute	Naewai Business Report	LG Economic Research Institute
year of survey	1991	1999	2000	2004
Top Priority Element	arrangement	transportation, education	transportation	brand
2nd Element	finish material	vicinity of apartment complex	environment	location
3rd Element	transportation	interior space	price	investment value
4th Element	school district	brand	finish material	price
5th Element	floor plan	investment value	brand	developmental prospect of the vicinity

Table 1 shows that brand is becoming an important element in the purchase of apartments. In fact even when the location and size are the same, selling ratio and price increase range show big differences according to the brands, which suggests that apartment brands have considerable effect on the corporate image building. At the same time brand emerges as critical means in acquiring competitive edge by giving psychological satisfaction to consumers and hike in the real estate value. Therefore construction firms at present claim that they have their own unique identities and have established marketing strategies differentiated from others. In reality, however, aggressive advertisement campaign in excess, introduction of too many architectural elements and absence of marketing strategy based on market segmentation are mistaken for marketing strategy. Moreover current research papers tend to overextend the concept of marketing strategy by identifying it with general marketing techniques and introduction of certain marketing elements or architectural elements.

Apartment branding is a trend in housing market and since it will stay on for a while, an appropriate marketing strategy should be established. This study will therefore analyze current marketing strategies of the name brand apartments to raise the competitiveness of housing market and suggest a realistic marketing strategies based on marketing theory.

1.2 The Scope and Method of Research

Since the concept of apartment is changing from that of simple dwelling to commodity, and the trend of apartment branding will hold on, an appropriate brand strategy will be suggested by this study. Brand building strategy consists of analyzing the brand, name brand apartment, the definition and concept of marketing, and marketing strategy based on existing research papers and reference material, and then investigating brand shaping process and marketing strategy of products. Then the comparison analysis of current status in the construction industry will be done and marketing strategy tailored to construction industry will be suggested.

2. INVESTIGATION OF LITERATURE AND PREVIOUS RESEARCH

2.1 Definition and Role of Brand and Marketing

2.1.1 Definition of Brand and Name Brand

Apartment

The history of brand goes back to hieroglyph of Egyptian pyramid and the origin of brand is Norwegian word 'brandr' which was used to mark the property by searing the hide of domestic animal. American Marketing

Association(AMA) defines "brand is name, terminology, symbol, and design or a combination of these, and is that which differentiates from the product or service by a specific marketer or a series of marketers."

Although a brand is defined as what differentiates a product from those of competition, the current concept has gone beyond simple differentiation of names, adding the dimension of enhanced corporate image and equity with added economic value. This study defines name brand apartment not as those existing standardized ones but an apartment supplied with a unique brand name, marketing strategy, and recognition of its equity value.

As previously mentioned, brand is more than simple differentiation from other products. It is an important yardstick for a corporate awareness in the market.

2.1.2 Definition of Marketing

Korean Marketing Association defines that "marketing is a process to define and manage market so that an organization or individual can create and maintain trades to accomplish its purpose." Marketing for a construction firm is a plan to get its apartment brand recognized, and based on that recognition to increase the lotting-out ratio and build its corporate image

2.2 Brand Management

2.2.1 Types of Brand and Brand Strategy

Brand management is often regarded as managing brand names, but in fact it is managing the perception of consumers. The fundamental role of marketing is defined as social stability by H. Sullivan, pursuit of power by A. Adler, pursuit of pleasure by S. Freud, and self realization by A. Maslow. AMA further classifies brand into three categories such as functional brand which meets the utilitarian needs, symbolic brand which meets the ostentation needs, and experiential brand which satisfies the playful needs.

Brand management is divided into three stages of introductory, elaboration, and fortification with each stage requiring different strategy. In the introductory stage the brand concept a firm pursues needs to be understood by and absorbed into consumers. In the elaboration stage brand-related concepts are specifically elaborated and in the fortification stage elaborated image is generalized into other products of a firm and thereby overall corporate image is fortified. This study, however, considers that in the apartment purchase the experiential or sensory aspect is relatively minor and therefore won't extend research into that aspect.

Table 2 Management According to Brand Concepts¹

	Functional Brand	Symbolic Brand	Experiential Brand
Introductory Stage	Emphasis on addressing utilitarian needs of consumers	Emphasis on limited access for strengthened self concept	Emphasis on sensory, cognitive stimulation
Elaboration Stage	suggestions to solve specific problems	Protection of target market for image consistency	Suggestion of related products for sustained satisfaction
Fortification Stage	Bundling images through relational expansion with related products	Bundling images through related products development that expresses consumer lifestyle	Bundling images through connecting with other experiential products

Brand should give balanced satisfaction of the functional, symbolic, and experiential aspects, but building effective marketing strategy requires a focus on one of these three aspects. Otherwise lack of consistency in the strategy blurs the brand concept and then marketing strategy is disoriented preventing the brand from taking root in the consumer psyche.

3. CASES OF BRAND STRATEGY OF OTHER INDUSTRY

Before contemplating the brand strategy of construction industry a comparative analysis of that of other industry tailored to introductory, elaboration, and fortification stages will be done, and there from an appropriate brand strategy of construction industry will be derived.

3.1 Introductory Stage of Brand Concept

Clear communication of brand concept is needed and the specific characteristics of the product should be emphasized. What consumers want and what problems they want to solve should be grasped to stimulate trades.

When Toyota wanted to introduce luxury car, the company was being recognized in the market as low-end brand with quality inferior to other automakers. Therefore they decided not to reveal the name 'Toyota' but to create a new brand, Lexus. Lexus began to advertise focusing on its function and quality. It even incorporated the optional features of other luxury cars into standard features.

Functional brand should aim their marketing activities at communicating clear brand concept to as many consumers as possible and see to that products can be secured with ease.

The premium brand menswear "Bijan" posts at the door a sign that says "Limited to Reserved Clients Only." Moreover the reservation can only be made through existing clients. The deluxe line of Amana refrigerators only produces mega sizes, which naturally limit its presence to luxury mansions. It's a strategy that makes you

want it more since you can't have it.

Symbolic brand should, however, reflect classy taste of clients rather than being a tool to show off self through senseless luxury consumption.

3.2 Elaboration Stage of Brand Concept

As the competing brands increase, differentiating them won't be easy for consumers. Therefore the specific superiority of a brand in comparison with others should be communicated to raise the brand value.

Lexus concentrated on the recognition of its performance and classiness. It was marketing not the car itself but its image in the society. They supported various classes and lectures in the major universities and hospitals of America. They also carefully carved out Lexus image by launching social contribution activities like golf tournaments to raise funds.

Bijan limited its stores to only two locations of LA and New York even after it had established itself as a premium brand, which raised its symbolic aspect even further.

When symbolic brand gets into elaboration stage, many look-alike products or imitation products appear which require an appropriate countermeasures. Once the brand reputation gets high, desires to infiltrate down market based on that reputation can come up, but this should be most avoided.

3.3 Fortification Stage of Brand Concept

When new products related to a brand are conceptualized a new brand image integrated with original one needs to be formulated. These related products have similar images, fortifying the overall brand image. Therefore more attention should be given to the management of product lines rather than individual brands.

In case of Clorox, the concept of "whiter, brighter" was enhanced by introducing bathroom cleaners and kitchen sink cleaners. Bselune fortified its overall image by producing related products like lotion and ointment.

Products that can reveal the lifestyles of buyers should be developed at this stage. Bijan fortified its integrated image by developing products related to men's suit such as shirts, shoes, canes, perfume, and ties.

¹ Hong Sungtae, Unseen Roots, Pakyoungsa

4. BRAND STRATEGY OF CONSTRUCTION INDUSTRY

Marketing strategies derived out of existing literature

surveys can be divided into four categories such as targeting and positioning strategy, differentiating items strategy, brand name strategy, and advertisement.

Table 3. marketing strategy of brand apartment

Brands	Targeting and Positioning	Differentiating Items	Advertisement
Raemian	People in their 30's and 40's who make home in the city. Looking 5-10 years ahead, future customer management begins for people in their 20's.	Priority on apartment exterior, landscape, and feedback from consumers.	Modern, confident, metropolitan image
e-Comfortable World	Middle class families with comfortable, affectionate atmosphere.	facilities that help with good communication among neighbors.	Family values, vigorous exchanges with neighbors. Health elements highlighted.
Lotte Castle	Highest quality, success, classiness, imposing air. Expansion into other areas being executed while maintaining classy concept.	Health apartment as a wellbeing item	Dwelling space the successful seek for.
I-Park	Successful middle class in the city. Concept becoming vague from the recent expansion into provincial areas.	Floor plan change according to lifestyles	ecofriendly and natural image
XI	Pursuit of intelligent apartments	Top-notch systems like ubiquitous computing environment	Home network/ young, sensible, new generation/ city chic/ trendy

But recent methods to raise the awareness of the name brand apartments are based less on sound marketing theory than inculcating concepts through massive ad campaign. D Construction paid as advertising fees about 10 billion Won in 2000 as opposed to 25 billion in 2004. P Construction paid 5 billion in 2000 as opposed to 23 billion in 2003. As these cases show, the money invested in advertising is enormous. Advertisement occupies only one small segment of marketing but it tends to be regarded as the whole of marketing itself. Moreover high ad costs get to be transferred to consumers as a burden, preventing the companies of medium standing from effective access to consumers. The number of companies with targeting or positioning strategy is minimal too. Construction Firms D, S, K, and H lot out brand apartments of considerable awareness, and at the same time sold super highrise mixed-use development units to specific bracket of customers. This study derived proper brand strategy based on the aforementioned brand strategies of other industry.

4.1 Differences Between General Consumer Goods and Housing

As the Table 4 shows, adopting the brand strategies of general consumer goods into housing market without any modification is not in reason. Therefore the marketing

strategy tailored to housing market needs to be established.

Table 4. Differences Between Construction Industry and Other Industry

Other Industry	Construction Industry
consumer goods	consumer goods, investment goods
mobility, fixation	users move
buy the goods one can afford	buy the goods with financial assistance
Product itself is discontinued	Brand is discontinued

4.2 Brand Life Cycle

Brand life cycle can be the life story of a product from its birth to death. Awareness of a freshly launched product goes up for a while but eventually goes down. As in Figure 1, brand life cycle begins from introductory stage, and then goes through elaboration and fortification stages and finally reaches declination stage. Apartment brands can't be an exception from this cycle. In fact 'Korean-type Apartment,' 'Cyberapartment' of Samsung, and 'Nakcheondae' of Lotte have been discontinued. Some construction firms have changed discontinued apartment

brand into current brand which holds high premium but since those are rare incidents, they are not included in this study.

Based on Figure 1, housing marketing strategies tailored to introductory, elaboration, and fortification stages are presented as follows.

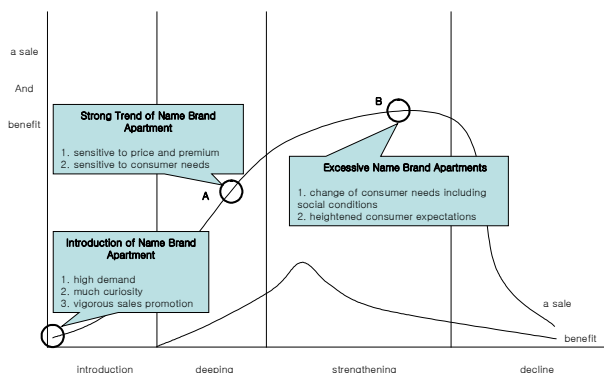


Figure 1. Brand Life Cycle

4.3 Brand Concept Introductory Stage of Name Brand Apartment

Since brand concept is not familiarized yet, information about the concept and what's different from the existing apartments is spread wide. The emphasis is more on the information about the apartment itself than on the brand image.

Stressed is the notion that they are delightful and comfortable homes. As communication tools, print media with no time constraints such as newspapers, magazines or internet are preferred to TV which mandates concise ads. Model houses are upgraded to real apartment building as opposed to mobile houses or assembly houses of the past, raising its corporate image.

That it has high-class dwelling space, maximum equity value, and higher lotting-out price than other name brand apartments is emphasized. Publicity efforts are geared to general audience through TV ads as well as to specific targets through direct mailing, telephone calls and visits.

Some mixed-use developments didn't adopt the conventional methods of drawing lots or of selling to those who can afford the high price. Rather they limited residents to those with considerable social recognition. H Construction stressed that theirs are information apartments based on internet network facilities, highlighting that the quality of life could go high-tech. S Construction released images that looked like noise problems between floors were resolved. Detailed explanation came out in their brochures.

4.4 Brand Concept Elaboration Stage of Name Brand Apartments

The brand concept of apartment should be ingrained in the mind of consumers. As the competing brands increase and consumers have difficulties differentiating between brands, it is high time to get the superiority of a brand recognized as opposed to the competition. As each firm begins to introduce competitive architectural elements at

this stage, a firm's ads sometimes becomes the competition's ads and vice versa. For example, the concept of 'ubiquitous computing network' was employed by G and S Construction to differentiate their own brands. Consumers, however, perceived only the concept of 'ubiquitous computing' itself.

Differentiating elements such as ecofreindliness, cyberapartment, wellbeing, and floor plans should be highlighted, and consumers' awareness of name brand apartment should be raised. Then the weight of information about apartment in TV or newspaper ads should be decreased whereas the brand image to stress should become the focus of attention. Then satisfaction with floor plan should be increased, while the problems from introductory stage are being addressed. More efforts should be poured into finish material and noise reduction between floors.

As the fact that it is luxury apartment is already recognized, it's time to consolidate its reputation. Awareness should be extended not only to target customers but to non-target customers. If only a small proportion of customers are given the information, the majority won't understand why the brand is an excellent apartment and even those who have bought it won't be able to express its full worth. Like other general consumer goods, imitation brands will appear at this stage but won't be the objects of concern or response. Though premium brand strategy requires bigger size, good location, and luxury finish material, building smaller size apartments in the provincial areas just to get more construction order might risk the downturn of brand awareness or disregard of existing customers needs.

H Construction's TV ads concentrated on concept and image rather than specific elements of the apartments. Being so abstract, They were so abstract that they looked more like forest bath ads than apartment ads. S Construction's ads could be easily mistaken as state-of-the-art technology system ads. A woman was selecting a party dress for the night, and dresses were magically put on over her body by a touch of her fingertip. They took the lead in constructing mixed-use developments targeting upper class and their marketing was limited to specific tier of customers, denying the access of general public.

4.5 Brand Concept Fortification Stage of Name Brand Apartments

Based on the elaborated brand image, a new brand can be built to attack new target market and its image can be fortified by connecting with the image of existing brands. As quality is already greatly improved at this stage, much efforts can be devoted to brand image enhancement.

A firm with a history of constructing regular apartments cannot change its brand awareness overnight simply by employing luxury material or higher price. On the contrary high price coupled with relatively low brand awareness can result in lower sales. In this case it is better to start from the metropolitan area rather than city of Seoul and then gradually move into Seoul.

Based on high brand awareness a firm can initiate a new apartment brand of smaller sizes or upscale villa to expand

into submarkets. One thing to be wary of in smaller apartment market is not to be too deviant from the existing upscale brand image. Though smaller in size, nevertheless they should adopt some differentiating elements.

These can be summed up as in Table 5.

Table 5. Management of Brand Concept in Construction Industry

	Functional Brand	Symbolic Brand
Introductory Stage	Communication about what's different from the existing apartments. Media with no time constraints are employed such as newspapers and internet.	Emphasis on high-class dwelling space and premium equity value
Elaboration Stage	Ads emphasize images rather than actual contents. Problems of introductory stage are addressed.	Publicity efforts are extended not only to target customers but non-target customers, and thereby the fact that they are premium apartments is communicated to non-target customers.
Fortification Stage	When expanding market into symbolic brand, due to the low brand awareness, it's better to start from the metropolitan area and then move into Seoul.	For the market expansion a firm can enter luxury villa market.

5. CONCLUSION

As surveyed above firms with strong marketing strategies can build excellent quality apartments and satisfy psychological needs of customers as well. To win in the brand competition, marketing managers should set a clear brand concept at the introductory stage, and then maintain it for a long time. This study has investigated the background of brand apartment advent and marketing theory. Then based on the problems of existing marketing strategies of name brand apartment and brand management theory of other industry, brand strategies of housing market has been derived.

The research result can be summed up as follows.

- (1) According to the brand life cycle of introductory, elaboration, and fortification stages, brand strategies of functional and symbolic brands should be set up separately. Otherwise lack of consistency blurs the concept, marketing strategy is disoriented and thereby the brand cannot settle into consumer psyche.
- (2) Since many construction firms enter the market with their own naming recently, unique and concrete brand strategy should be established. Otherwise fierce competition will make it difficult to survive and plant strong brand awareness in the to consumers.
- (3) Construction firms shouldn't grab for the immediate profit and thereby make a foolish move to build fragmented strategies or to construct in the provincial areas or smaller apartments in the name of lotting-out ratio expansion.
- (4) Brand life cycle shows that every brand has a time to

decline and this isn't an exception in existing apartment market. When this happens, in order to minimize the damage, deliberation between alternatives and brand life extension should be considered.

In the future, management and maintenance of apartment brand should be researched as well because it is important to expand market by raising apartment brand awareness, but it is also important after the market expansion to secure continued expansion from where it is. This is an important aspect in corporate image enhancement as well.

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